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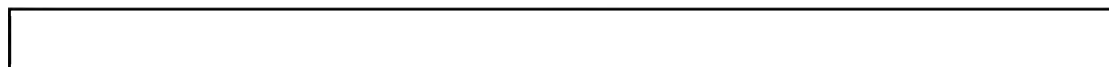


19 January 1961

Copy No. C 77

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CENTRAL INTELLIGENCE BULLETIN



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State Dept. review completed

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CENTRAL INTELLIGENCE BULLETIN

19 January 1961

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DAILY BRIEF

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THE COMMUNIST BLOC

USSR: The addition of two new candidate members to the party presidium on 18 January lays the groundwork for further shake-ups in that ruling party body, possibly at the 22nd party congress scheduled for October 1961. The new candidates, 50-year-old Gennady Voronov, party chief in Orenburg Oblast--a major grain-producing area--and 46-year-old Viktor Grishin, Soviet trade union head, are perhaps being groomed as replacements for full members whose tenures may now be insecure. Nikolay Podgorny, presidium member and Ukrainian party chief, was sharply criticized by Khrushchev at the plenum for weak leadership of agriculture and may be on probation for the coming year. The plenum--one of the longest in recent years--ended with a report on the November Moscow conference of Communist parties by Mikhail Suslov, who along with Khrushchev and Kozlov played a dominant role in the conference. OK

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[REDACTED]

Poland-Cuba: The Polish regime has been reluctant to become involved in bloc aid to Cuba beyond the minimum required to conform with Soviet policies, mainly because it hopes to negotiate large amounts of American long-term economic aid. Polish handling of other aspects of relations with Cuba also has differed markedly from the treatment accorded Havana by the rest of the bloc. Warsaw made a point of not inviting Castro's chief Communist adviser, Che Guevara, for a state visit during his recent tour of Eastern Europe. High-level Polish officials repeatedly have implied in conversations with American officials that their interests in Cuba are minimal, and they have emphasized that they would not ship military goods to Havana.

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ASIA-AFRICA

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Philippines: [Philippine Foreign Secretary Serrano has expressed his concern to an American Embassy official over what he termed the weakening of the SEATO alliance by the attitude of the British and French, particularly toward the Laotian crisis. He said that one reason for calling a conference of foreign ministers of South Vietnam, Nationalist China, South Korea, and the

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25X1 [] by insisting that Morocco accept Soviet pilots and technicians on a long-term basis. Moscow may, however, urge the Moroccans to permit bloc personnel to assemble and test the aircraft.]

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El Salvador: The Salvadoran armed forces evidently presented the provisional government with an ultimatum on 16 January demanding the immediate curtailment of Communist and pro-Castro activity in El Salvador. The government has apparently, at least for the moment, succumbed to the military pressure. Defense Minister Castillo Navarrete, who was reported earlier in the week to have army backing for a coup if necessary to quell the Communists, told American Embassy officers on 17 January that he and a number of other officers had spent most of the previous day talking with the ruling junta on measures for controlling the Communists. On 17 January, the junta issued a strong public warning that it is prepared to counter Communist activity. It also announced the recall of the Salvadoran ambassador in Havana. []

OK

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Chile-USSR: The conservative Alessandri government is reported about ready to approve the sale to the Soviet Union of 60,000 tons of semifinished copper products annually over the next five years. This is about 10 percent of Chile's total production. Copper is usually in short supply within the bloc, and Chile has not made any direct copper sale to the Soviet Union in recent years. []

OK

WATCH COMMITTEE CONCLUSIONS

- 25X1 []
- A. [No Sino-Soviet bloc country intends to initiate hostilities against the United States or its possessions in the immediate future.]
- B. [No Sino-Soviet bloc country intends deliberately to initiate direct military action against US forces abroad, US allies,]

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[or areas peripheral to the bloc in the immediate future.]

- C. [The Sino-Soviet bloc support for the Communist forces in Laos continues unabated and there are indications that it will increase. Continuing Communist attacks from the Xieng Khouang area threaten to divide and weaken the Royal Laotian Army forces. With its military position deteriorating, the Boun Oum - Phoumi government is increasingly likely to seek outside military assistance.]
- D. [Other developments affording increased opportunities for exploitation by the Communist bloc: The pro-Lumumba regime in Stanleyville is apparently meeting with success both in its political and military activity in the Congo and is pushing ahead with arrangements for material aid and increased diplomatic support from the radical nationalist African states and the bloc. Despite evidence of attempts by anti-Lumumba leaders to submerge their own differences, the political situation of the Leopoldville group is still deteriorating.]

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25X1 [Philippines, which opened in Manila on 18 January, was the apparent inability of SEATO to act in the Laotian crisis. Stressing his belief that any indication that the US was wavering in its firm positions would have wide repercussions in the area, Serrano asserted that there is considerable Asian disappointment with SEATO and that continuation of the present trend might force the Philippines to reappraise its SEATO policies.]

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25X1 *France-Algeria:

25X1 [De Gaulle and rebel premier Ferhat Abbas have agreed in principle to meet, and that negotiations are now under way to determine when and where--perhaps in the first week of March in a French city other than Paris. De Gaulle would consider his demand that various Algerian tendencies be represented would be met by the inclusion of the chief of a rival nationalist group in preliminary negotiations only.] In Tunis, a member of the rebel government asserted the rebels have no desire to allow formalities to stand in the way of opening negotiations and are considering measures to reassure French settlers that their interests would be respected in an Algerian republic.

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25X1 [Premier Debre may break with De Gaulle over the decision to enter into full negotiations.]

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25X1 Morocco-USSR: [Morocco and the Soviet Union are reported in disagreement as to the terms for delivery of the 14 jet aircraft which, according to a 15 November Moroccan communiqué, are a gift of the USSR.]

25X1 [King Mohamed V has refused to accept the Soviet technicians which Moscow insists shall accompany these planes. Both the King and the crown prince have told the American ambassador that Soviet military pilots and technicians would not be accepted in Morocco. The USSR probably would not risk jeopardizing the political benefits of the gift of these aircraft.]

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[redacted]
[redacted]
[redacted] Philippine Foreign Minister Serrano has expressed deep concern to an American Embassy officer over the weakening of the SEATO alliance.

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[redacted] particularly with regard to the Laotian crisis. According to Serrano, his principal reasons for calling the conference of foreign ministers from South Korea, South Vietnam, and Nationalist China, which opened in Manila on 18 January, were SEATO's apparent inability to act in the Laotian situation and the need to exchange views with non-Communist neighbors and to indicate support for the American position.

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[redacted] Reiterating firm Philippine support for the role now played by the United States in the Far East, Serrano emphasized his fear that any indications of wavering would have wide repercussions.

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[redacted] He also voiced fear that Pakistan might be wavering in its attitude toward SEATO. Serrano asserted that a continuation of the present trend in the organization might force the Philippines to reappraise its policy toward SEATO.

[redacted] Serrano has indicated a long-standing desire to forge closer ties with non-Communist Asian neighbors within the framework of firm American defense commitments in the area. Although Serrano may be partly motivated by his desire to gain personal political credit for Philippine initiatives, there have been several previous efforts to organize top-level consultations, sparked partly by the desire of South Korea and Nationalist China for greater regional anti-Communist unity. Neither Thailand, which shares current Philippine disillusionment with SEATO, nor Pakistan accepted invitations to the Manila meeting, but Serrano apparently envisages subsequent bilateral talks with those governments and with Malaya.

[redacted] American ambassador Johnson in Bangkok reports SEATO morale to be "at low ebb," and fears that the organization may be "fatally discredited" unless it can soon persuade its Asian members that it is able to take some meaningful action with regard to the Laotian crisis.

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Negotiations for Meeting of De Gaulle With Ferhat Abbas
Reported Under Way

25X1 [redacted] immediately after the 6-8 January referendum vote on his Algerian policy, De Gaulle issued instructions that steps be taken immediately--through well-established links between the French Government and the Provisional Algerian Government (PAG)--to pave the way for direct negotiations between himself and rebel representatives. De Gaulle's willingness in principle to meet PAG premier Ferhat Abbas was conveyed to the rebels, and Abbas agreed. Negotiations are now under way to determine the time and place. De Gaulle, who waived his preference for Paris, offered to meet Abbas "anywhere in French territory" but balked at Abbas' insistence on Geneva. Within the French President's official staff it is estimated that meetings would begin during the first week of March. Consideration is also being given to inviting to the proposed meeting Mohammed Ben Bella--the rebel deputy premier whom the French captured and imprisoned five years ago--and Messali Hadj, leader of the moderate and rival Algerian Nationalist Movement, who resides in France under police protection. 25X1 [redacted] foresee difficulty, however, in inducing the PAG to accept Messali. The French do not intend that Ben Bella and Messali should be present at more than the preliminary and final sessions.)

Rebel Minister of Information Yazid told the US Embassy in Tunis on 17 January that the PAG is willing to meet French representatives without any preconditions or agenda.

Yazid asserted that the PAG had no desire to let formalities stand in the way of opening negotiations, and was considering means of reassuring French residents in Algeria that their interests would be respected in an Algerian republic. The provisional government probably feels that its position has been strengthened by the willingness of Algerian Moslems to accord it open support and by the massive abstention by urban Moslems in the recent referendum.

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[redacted] have reservations as to his approach. Their apprehensions are shared by leaders of the recently outlawed rightist Front for French Algeria, by certain senior army elements, and by some members of the Delegation General in Algiers. These groups fear that the PAG, feeling that Paris will try to present a negotiated settlement as a rebel capitulation, will take countermeasures to convert it into a rebel victory. They argue that this could be done by resumption of intensive terrorism and by a rebel offensive from non-Algerian bases, once De Gaulle gets too involved in negotiations to withdraw. [redacted] it is considered probable that Premier Debre may object so vigorously to full negotiations with the rebels that he will resign or be removed from office. [redacted]

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Salvadoran Junta Under Military Pressure Announces
Anti-Communist Measures

The Salvadoran armed forces evidently presented the provisional six-man civil-military junta with an ultimatum on 16 January demanding the immediate curtailment of Communist and pro-Castro activity in El Salvador. The junta apparently has yielded, at least for the moment, to the military pressure. Col. Castillo Navarrete, the minister of defense, who was reported earlier this week to have army backing for a coup if necessary to quell the Communists, told US Embassy officers on 17 January that he and a number of other officers had spent 16 hours with the junta the previous day discussing measures for controlling the Communists.

On 17 January, the junta issued a strong public warning that it is prepared to counter Communist activity. Col. Castillo Navarrete told the US officials that a series of decrees will be issued soon providing legal basis for taking action--including jail sentences--against extremist and subversive activity. The junta already has announced the recall of its ambassador in Havana. No decision to sever relations completely at this time was made, according to Col. Castillo Navarrete, since that action could best be realized through joint action within the Organization of American States.

Although Castillo Navarrete expressed criticism last month of US assistance programs in Latin America and told a group of American officials that his government intended to replace US advisers to the National Police Force with Chileans or Italians or both, he stated on the 17th that he had decided after reconsideration that US experts were needed and that his government would soon request US assistance for the security forces.

The junta will probably encounter difficulties, however, in carrying out its anti-Communist measures. The pro-Communist and Castro sympathizers who have already deeply infiltrated the

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provisional government at all levels have demonstrated adeptness in legal maneuvering to achieve their ends; they are also likely to organize student protest demonstrations. If the junta is unable to control the extremists, the armed forces may oust the junta and set up a totally military regime to rule until elections can be held.

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Chile May Approve Sale of Copper to USSR

The conservative Chilean government headed by President Jorge Alessandri appears ready to approve a five-year contract for annual sales to the USSR of 60,000 tons of semifinished copper products--about 10 percent of Chile's total production. The price is to be no lower than the London Metals Exchange monthly settlement figure for the month in which shipment is made. Payments are to be made in US dollars or convertible sterling. The contract will be subject to yearly renewal by the Chilean Government.

Chile has not accepted past Soviet or Chinese Communist offers to take copper, partly at least because past offers involved barter arrangements. In addition, about 90 percent of its copper comes from US-owned mining companies. This offer, however, seems more likely to be accepted for several reasons. World copper prices have declined steadily since last October, and Chile badly needs to increase its supply of dollars and foreign exchange. A sale of 60,000 tons is worth about \$35 million at present London Metals Exchange prices --a sum almost equal to Chile's \$40 million balance-of-payments deficit in 1960. With congressional elections only six weeks away, leftist political leaders would exploit a refusal to sell copper, which accounts for about 60 percent of Chile's foreign exchange and over 50 percent of its tax revenue.

Furthermore, the USSR has recently increased its efforts to formalize commercial relations with Chile, in order to obtain an additional source of copper, which usually is in short supply in the bloc. However, Chile has not heretofore made any direct sale of copper to the USSR. Bloc countries have bought some Chilean copper through West Germany. In recent years trade with the USSR has accounted for less than one percent of Chile's total trade. Chile has no diplomatic relations with the bloc, but Czech and Hungarian trade missions are in Santiago.

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